

## **DISCLAIMER**

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## **APPLICATION OF**

**WASHINGTON GAS LIGHT COMPANY**

**CASE NO. PUE971024**

**For approval of a Pilot  
Delivery Service Program**

## **REPORT OF DEBORAH V. ELLENBERG, CHIEF HEARING EXAMINER**

**June 8, 1998**

On December 22, 1997, Washington Gas Light Company (hereinafter "WGL" or "Company") filed an application requesting approval of an experimental firm delivery service program. The Company proposed to offer firm delivery service on a limited-term, pilot basis, under Rate Schedule Nos. 1A, 2A, 3A and 9, to residential, commercial and industrial, and group metered apartment customers who would otherwise purchase gas from the Company on a firm basis under Rate Schedule Nos. 1, 2, and 3, respectively. Rate Schedule 9, the Firm Delivery Service Pilot Program Gas Supplier Agreement, is a new schedule and sets forth the general terms and conditions under which suppliers can provide gas to participating customers.

The proposed pilot program is a two-year program. In the first year of the program, up to ten percent of the customers eligible for the service under Rate Schedule Nos. 1A, 2A, 3A and 9 would be permitted to participate in the pilot program. The level of participants would be increased to twenty percent during the second year of the program. In the first year of the program, gas suppliers would select annual balancing, while in the second year of the program, monthly balancing would be offered as an option. Enrollment in the pilot program will be on a rolling basis where annual balancing is selected. Rolling enrollment thus may require the program to extend for up to three years if participants enroll at the end of the second year.

Customers who participate in the program would purchase their gas commodity requirements from third party gas suppliers who elect to participate in the pilot program, while obtaining firm delivery from WGL. Gas suppliers would be pre-approved by the Company based on meeting creditworthiness standards and would qualify to participate by aggregating at least 100 Dekatherms of Average Daily Contract Quantity of sales to customers participating in the program.

WGL proposes to use the pilot program to gather information regarding customer awareness of the program, customer education efforts and customer satisfaction. The Company also proposes to use the pilot program to obtain information to measure the performance of marketers participating in the pilot program, including market share, customer retention and satisfaction, reliability and complaint resolution.

By Commission order dated February 12, 1998, and ruling dated May 8, 1998, the application was set for hearings on May 18th and June 8th, 1998. On May 18th, the statement of one intervenor was received. That intervenor, Washington Gas Energy Services (hereinafter "WGES"), an affiliate of WGL, supported the program as proposed.

The Commission also received written comments from the Apartment and Office Building Association of Metropolitan Washington also in support of the program.

On June 8, 1998, the prefiled testimony of WGL witnesses James Wagner and Joseph Schepis was received into the record. The prefiled testimony of Staff witness Rosemary Henderson was also received into the record.

The Company and Staff offered a stipulation in which they presented their recommendations for disposition of this case. That Stipulation was marked as Company Exhibit No. 5 and also admitted into the record. Therein, the Company and Staff state that the record is sufficient and adequate to support the fairness, justness, reasonableness and lawfulness of the program, with specific modifications from the original application which generally impose several limitations on the participation of WGES in the program.

Virginia Code Section 56-234 permits the Commission to approve rate or rate design tests or experiments or other experiments involving the use of special rates after notice and hearing and a finding that such experiment is necessary in order to acquire information which is or may be in furtherance of the public interest.

I find that the Stipulation is supported by the record and should be adopted. More specifically, I find that:

1. The two-year experimental program, as proposed in the application of WGL, and as modified by the Stipulation, will provide opportunities for customer education about new programs and provide the Company and Staff an opportunity to gather information about customer choice programs and affiliate interactions in customer choice programs, and therefore, it should be approved to begin on or about October 1, 1998.

2. In order to provide Staff with information to assist it in determining the impact of participation by an affiliated supplier on delivery service programs, WGES will not accept applications from residential customers of WGL for participation in the pilot program during the first year of the pilot program until WGL has received applications from 33 percent of the eligible residential customer population, which is approximately 10,000, who have been subscribed by other qualified marketers, or 90 days from the beginning of the enrollment period of the pilot program, whichever is sooner.

For the second year of the pilot program, WGES shall be permitted to participate fully in all aspects of the pilot program with respect to residential customers of WGL. WGES shall be permitted to participate fully in all aspects of the pilot program in both the first and second years

of the pilot program with respect to firm service commercial, industrial and group metered apartment customers of WGL.

The limitation imposed on WGES with respect to its participation in the first year of the residential pilot program does not reflect an anticipation by Staff or the Commission that WGES will engage in wrongdoing, but is simply in support of the desire to gather information through experimentation.

3. Rather than formally including a "Form of Agreement" section in the Company's tariff, the Company shall notify and provide copies to Staff in the future of any and all changes to those documents.

4. And, lastly, any issues with respect to market studies and tracking costs which may have been raised in this case should be decided in Case No. PUA980005.

In accordance with my findings, ***I RECOMMEND*** that the Commission enter an order that:

1. ***ADOPTS*** the findings of my report;
2. ***APPROVES*** the application as modified by the stipulation; and
3. ***DISMISSES*** this case from the docket of pending proceedings.

### **COMMENTS**

The parties are advised that any comments (Section 12.1-31 of the Code of Virginia and Commission Rule 5:16(e)) to this Report must be filed with the Clerk of the Commission in writing, in an original and fifteen (15) copies, within fifteen (15) days from the date hereof. The mailing address to which any such filing must be sent is Document Control Center, P. O. Box 2118, Richmond, Virginia 23218. Any party filing such comments shall attach a certificate to the foot of such document certifying that copies have been mailed or delivered to all other counsel of record and to any party not represented by counsel.

Respectfully submitted,

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Deborah V. Ellenberg  
Chief Hearing Examiner